

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2022
(Three Months Ended June 30, 2021)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 11, 2021
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on August 6, 2021, at 15:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2021 (Apr. 1, 2021 – Jun. 30, 2021)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2021	5,531	37.5	561	461.3	615	309.3	443	356.2
Three months ended Jun. 30, 2020	4,024	(22.4)	99	(61.6)	150	(55.2)	97	(56.5)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2021: 506 (up 55.1%)
 Three months ended Jun. 30, 2020: 326 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2021	24.56	-
Three months ended Jun. 30, 2020	5.38	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2021	46,837	31,356	66.5
As of Mar. 31, 2021	42,260	31,726	74.5

Reference: Shareholders' equity (million yen) As of Jun. 30, 2021: 31,124 As of Mar. 31, 2021: 31,488

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	15.00	-	15.00	30.00
Fiscal year ending Mar. 31, 2022	-				
Fiscal year ending Mar. 31, 2022 (forecast)		15.00	-	25.00	40.00

Note: Revisions to the most recently announced dividend forecast: None

Breakdown of dividends for the fiscal year ending Mar. 31, 2022 (forecast): Commemorative dividends: 10.00 yen;
 Ordinary dividends: 15.00 yen

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (Apr. 1, 2021 – Mar. 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	11,200	11.0	450	(18.5)	450	(26.9)	300	(55.7)	16.61
Full year	26,800	21.6	2,600	91.7	2,600	92.7	1,850	48.3	102.40

Note: Revisions to the most recently announced consolidated earnings forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2021:	18,098,923 shares	As of Mar. 31, 2021:	18,098,923 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2021:	31,765 shares	As of Mar. 31, 2021:	31,730 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021:	18,067,173 shares	Three months ended Jun. 30, 2020:	18,067,556 shares
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* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information currently available to the Company's management at the time the materials were prepared. As such, they do not constitute an assurance that the Company promises to achieve the future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending March 31, 2022 (from April 1 through June 30, 2021), the global economy saw variations in the degree of economic recovery, reflecting significant differences in infection status of and economic measures against COVID-19 depending on countries and regions. Among others, the Chinese economy showed a gradual recovery trend, and the U.S. economy accelerated the pace of recovery from the COVID-19 crisis, thanks to the easing of quarantine measures due to the spread of vaccination, as well as large-scale financial supports.

Under such circumstances, the high-precision total automated production lines business, a core business of the Group, conducts deliveries and inspections by making use of conventional remote technology although there were the issuance of travel restrictions for each country and restrictions on domestic activities due to the COVID-19 pandemic. In addition, we have rebuilt our manufacturing capability to adapt to “the New Normal with Corona” primarily by transferring some orders and productions to our subsidiaries in Europe and China.

Moreover, in response to the growing awareness of environmental issues in recent years, each country has enhanced its regulations on CO2 emissions by moving up the target date for decarbonization from areas including transportation, which has stronger impacts on the environmental issues, and proactively expedited plan of shifting to electric vehicles in the sector of automotive OEMs. Especially in Europe, regulations for hybrid and other automobiles are being tightened so that we have seen various initiatives to promote decarbonization in the manufacturing process as well as to switch power source from diesel and gasoline to batteries.

Furthermore, with a push from the advancement of the information and communication technologies represented by IoT and DX (Digital Transformation), we expect sustainable growth together with society as our business model is in line with the direction of society. As a result, on a non-consolidated basis, the orders received in the mobility and communication sector increased by 1.2 times from one year earlier. This is the first time in three years that the amount of orders received in the first quarter exceeded 5.0 billion yen.

As a result of the above, for the first three months of the current fiscal year, the Group reported net sales of 5,531 million yen (up 37.5% year on year), operating profit of 561 million yen (up 461.3% year on year), ordinary profit of 615 million yen (up 309.3% year on year), and profit attributable to owners of parent of 443 million yen (up 356.2% year on year) on a consolidated basis. Due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards, net sales decreased by 511 million yen, and operating profit, ordinary profit and profit before income taxes increased 53 million yen each.

Under these circumstances, results by business segment were as follows.

Winding System & Mechatronics Business

As mentioned above, the way we work and the values of society are changing drastically toward the New Normal and behavior changes are being observed in various situations. Demand for mobility is increasing due to technological innovations such as automatic driving, AI, and EV.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for 94% of the Group's total net sales, reported net sales of 5,186 million yen (up 48.4% year on year) and segment profit (operating profit) of 613 million yen (up 213.3% year on year) on a consolidated basis. Due to the application of the Accounting Standard for Revenue Recognition and other standards, net sales decreased by 511 million yen and operating profit decreased by 53 million yen.

On a non-consolidated basis, the segment reported orders received of 5,622 million yen (up 24.3% year on year), net sales of 3,294 million yen (up 36.5% year on year), and the order backlog at the end of the first quarter of 18,927 million yen (up 53.9% year on year).

Contactless IC Tag & Card Business

During the first three months of current fiscal year, there was a lull in sales of contactless IC cards, which demonstrated steady performance in the previous fiscal year, and sales decreased.

Consequently, net sales of the Contactless IC Tag & Card Business were 345 million yen (down 34.9% year on year) and segment profit (operating profit) was 129 million yen (up 16.1% year on year) on a consolidated basis. On a non-consolidated basis, orders received increased to 470 million yen (up 78.9% year on year), while net sales decreased to 345 million yen (down 34.9% year on year) and the order backlog at the end of the first quarter was 393 million yen (down 53.9% year on year).

(2) Explanation of Financial Position

1) Assets

Current assets increased 4,621 million yen from the end of the previous fiscal year to 32,288 million yen. This was mainly attributable to an increase of 5,658 million yen in work in process, which was partially offset by a decrease of 1,679 million yen in notes and accounts receivable-trade.

Non-current assets decreased 44 million yen from the end of the previous fiscal year to 14,548 million yen. This was mainly attributable to a decrease of 58 million yen in investment securities.

As a result, total assets increased 4,577 million yen from the end of the previous fiscal year to 46,837 million yen.

2) Liabilities

Current liabilities increased 5,131 million yen from the end of the previous fiscal year to 14,656 million yen. This was mainly attributable to an increase of 5,134 million yen in advances received.

Non-current liabilities decreased 184 million yen from the end of the previous fiscal year to 823 million yen. This was mainly attributable to a decrease of 129 million yen in deferred tax liabilities.

As a result, total liabilities increased 4,946 million yen from the end of the previous fiscal year to 15,480 million yen.

3) Net assets

Total net assets decreased 369 million yen from the end of the previous fiscal year to 31,356 million yen.

The above-mentioned changes in notes and accounts receivable-trade, work in process, and advances received partially reflect the impact of the application of the Accounting Standard for Revenue Recognition and other standards.

In addition, the application of the above standard resulted in a decrease in the beginning balance of retained earnings by 604 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

The earnings forecasts are based on information available at the time of the release of this report. Actual results may differ from these forecasts for a number of reasons. Amounts of operating profit, ordinary profit, and profit attributable to owners of parent for the first quarter of the current fiscal year exceeded the first-half earnings forecast announced on May 14, 2021. This was because the sales in the first quarter composed of relatively high profitable projects including the impact of the application of the Accounting Standard for Revenue Recognition and other standards. On the other hand, in the second quarter, the ratio of projects that require a considerable amount of work to develop products and technologies is high and the timings of sales recording are concentrated at the end of the second quarter. So, it is expected that some of the timings of sales recording would be pushed back, which may result in a temporary decline in our corporate performance. For this reason, we have decided not to revise our earnings forecast at this time but instead will immediately announce any necessary revisions in the future when the outlook becomes clearer.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	Prior fiscal year (As of Mar. 31, 2021)	First quarter of current fiscal year (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	11,898	12,582
Notes and accounts receivable-trade	6,458	4,778
Electronically recorded monetary claims-operating	1,209	1,639
Work in process	6,135	11,794
Raw materials and supplies	1,230	939
Other	797	561
Allowance for doubtful accounts	(63)	(7)
Total current assets	27,667	32,288
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,015	4,960
Machinery, equipment and vehicles, net	888	885
Land	2,812	2,812
Other, net	808	796
Total property, plant and equipment	9,524	9,454
Intangible assets		
Other	167	156
Total intangible assets	167	156
Investments and other assets		
Investment securities	3,263	3,204
Retirement benefit asset	359	362
Deferred tax assets	35	28
Other	1,243	1,341
Total investments and other assets	4,901	4,937
Total non-current assets	14,592	14,548
Total assets	42,260	46,837

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2021)	First quarter of current fiscal year (As of Jun. 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,039	1,897
Electronically recorded obligations-operating	2,693	2,843
Income taxes payable	247	104
Advances received	2,876	8,010
Provision for bonuses	383	295
Other	1,284	1,504
Total current liabilities	9,524	14,656
Non-current liabilities		
Deferred tax liabilities	403	274
Other	605	549
Total non-current liabilities	1,008	823
Total liabilities	10,533	15,480
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,535	2,535
Retained earnings	19,892	19,460
Treasury shares	(27)	(27)
Total shareholders' equity	29,286	28,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,167	1,157
Foreign currency translation adjustment	661	760
Remeasurements of defined benefit plans	372	352
Total accumulated other comprehensive income	2,201	2,270
Non-controlling interests	238	232
Total net assets	31,726	31,356
Total liabilities and net assets	42,260	46,837

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Three-month Period)**

	(Millions of yen)	
	First three months of prior fiscal year (Apr. 1, 2020 – Jun. 30, 2020)	First three months of current fiscal year (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	4,024	5,531
Cost of sales	3,053	3,942
Gross profit	970	1,589
Selling, general and administrative expenses	870	1,028
Operating profit	99	561
Non-operating income		
Gain on sale of investment securities	1	17
Other	59	69
Total non-operating income	60	87
Non-operating expenses		
Foreign exchange losses	4	24
Other	6	7
Total non-operating expenses	10	32
Ordinary profit	150	615
Profit before income taxes	150	615
Income taxes-current	66	63
Income taxes-deferred	(21)	113
Total income taxes	45	176
Profit	105	438
Profit (loss) attributable to non-controlling interests	7	(4)
Profit attributable to owners of parent	97	443

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

	(Millions of yen)	
	First three months of prior fiscal year (Apr. 1, 2020 – Jun. 30, 2020)	First three months of current fiscal year (Apr. 1, 2021 – Jun. 30, 2021)
Profit	105	438
Other comprehensive income		
Valuation difference on available-for-sale securities	214	(10)
Foreign currency translation adjustment	5	97
Remeasurements of defined benefit plans, net of tax	1	(19)
Total other comprehensive income	221	67
Comprehensive income	326	506
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	314	512
Comprehensive income attributable to non-controlling interests	12	(5)

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

First three months of current fiscal year (Apr. 1, 2021 – Jun. 30, 2021)

Not applicable.

Changes in Accounting Policies

First three months of current fiscal year (Apr. 1, 2021 – Jun. 30, 2021)

Changes in Accounting Policies

NITTOKU started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the fiscal year ending in March 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. As a result, NITTOKU has decided to recognize revenue at the time of acceptance inspection, whereas previously, revenue was recognized based on the shipping date standard for product export transactions, in which the quality of the product was confirmed to meet the customer's requirements before delivery from the factory.

For the application of the Accounting Standard for Revenue Recognition and other standards, in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, net sales decreased by 511 million yen, cost of sales decreased by 474 million yen and selling, general and administrative expenses increased by 16 million yen. Operating profit, ordinary profit and profit before income taxes decreased by 53 million yen each in the first three months of the current fiscal year. In addition, the new standard decreased retained earnings at the beginning of the first quarter by 604 million yen.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), NITTOKU has not presented information on revenue from contracts with customers broken down for the first quarter of the previous fiscal year.

NITTOKU has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No.30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, etc. prospectively in accordance with the transitional measures in the proviso to Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019). There is no effect of this change on the quarterly consolidated financial statements.

Segment and Other Information

I. First three months of prior fiscal year (Apr. 1, 2020 – Jun. 30, 2020)

1. Information related to net sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	3,493	530	4,024
Inter-segment sales and transfers	-	-	-
Total	3,493	530	4,024
Segment profit	195	111	307

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Millions of yen)

Profit	Amount
Total for reportable segments	307
Corporate expenses (Note)	(207)
Operating profit on the quarterly consolidated statement of income	99

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

II. First three months of current fiscal year (Apr. 1, 2021 – Jun. 30, 2021)

1. Information related to net sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	5,186	345	5,531
Inter-segment sales and transfers	-	-	-
Total	5,186	345	5,531
Segment profit	613	129	742

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Millions of yen)

Profit	Amount
Total for reportable segments	742
Corporate expenses (Note)	(181)
Operating profit on the quarterly consolidated statement of income	561

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

3. Information related to revisions for reportable segments

As described in Changes in Accounting Policies, NITTOKU has applied the Accounting Standard for Revenue Recognition and other standards from the beginning of the first quarter of current fiscal year and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit or loss has been changed as well.

Compared with the previous method, net sales decreased 511 million yen and segment profit decreased 53 million yen in the Winding System & Mechatronics Business in the first three months of current fiscal year.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.